



HCTC

Federal • State • Private Industry

Health Coverage
Tax Credit

Train-the-Trainer HCTC Overview

- ▲ **Welcome / Introductions**
- ▲ **HCTC Overview**
- ▲ **Four Steps to Receiving the HCTC**
 - 1) TAA, ATAA or PBGC Benefits
 - 2) General Eligibility Requirements
 - 3) Qualified Health Plan
 - 4) Receiving the HCTC Monthly or Yearly
- ▲ **HCTC Registration Form Tips**
- ▲ **Responsibilities for HCTC Participants**
- ▲ **Available Materials & Contact Info.**
- ▲ **Questions**



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HCTC Overview

The Trade Act of 2002

- ▲ The Trade Act of 2002 created a tax credit to provide temporary assistance to workers and retirees in “distressed” industries
- ▲ The HCTC is intended to help workers pay for health insurance coverage when they:
 - Lose their jobs at their TAA-certified company, or
 - Have their pensions taken over by the PBGC.
- ▲ The credit is equal to 65% of an eligible individual’s health plan premium - for certain types of “qualified” health insurance
- ▲ The HCTC can be claimed monthly by completing a Registration Form or yearly when individuals file their Federal tax returns
- ▲ The Internal Revenue Service (IRS) administers the Health Coverage Tax Credit (HCTC) Program

The HCTC **Can** Pay For:

- ▲ 65% of health insurance premiums for eligible individuals and their family members
- ▲ 65% of prescription only drug plan premiums



The HCTC **Cannot** Pay For:

- ▲ Health insurance premiums for family members who are not eligible
- ▲ Dental plans (not included in a benefits package)
- ▲ Vision plans (not included in a benefits package)
- ▲ Any portion of health coverage that an employer pays on an individual's behalf



If an individual meets all of the eligibility requirements for the HCTC and has one of these items the HCTC cannot pay for, then those items are subtracted from the total monthly premium. The remaining amount is to what the 65% credit will be applied.

Four Steps to Individuals Receiving the HCTC



- STEP 1 Must be receiving TAA, ATAA or PBGC pension benefits
- STEP 2 Must meet the general HCTC requirements
- STEP 3 Have a qualified health plan
- STEP 4 Register for the monthly credit or claim the credit yearly on a Federal tax return



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Step 1: TAA, ATAA and PBGC Eligibility

Who Is Eligible?

- ▲ Trade Adjustment Assistance (TAA) benefit recipients
- ▲ Alternative Trade Adjustment Assistance (ATAA) benefit recipients
- ▲ Pension Benefit Guaranty Corporation (PBGC) pension benefit recipients



Who Is Eligible? TAA

- ▲ Individuals receiving a Trade Readjustment Allowance (TRA)
 - Income supplement \$\$
 - Training or a waiver for training
- or*
- ▲ Individuals who would receive TRA, but they have not used up their unemployment insurance (UI)



Individuals are eligible for the HCTC for as long as they continue receiving an income supplement and meet the training requirements.

Who Is Eligible?

ATAA

- ▲ ATAA is designed for eligible workers who may not benefit from retraining because they have non-transferable skills
- ▲ Workers must be:
 - At least 50 years of age
 - In a different full-time job within 26 weeks from leaving their trade-affected job
 - Earning less at the new job than at their trade-affected job
 - Earning less than \$50,000 a year in their new job



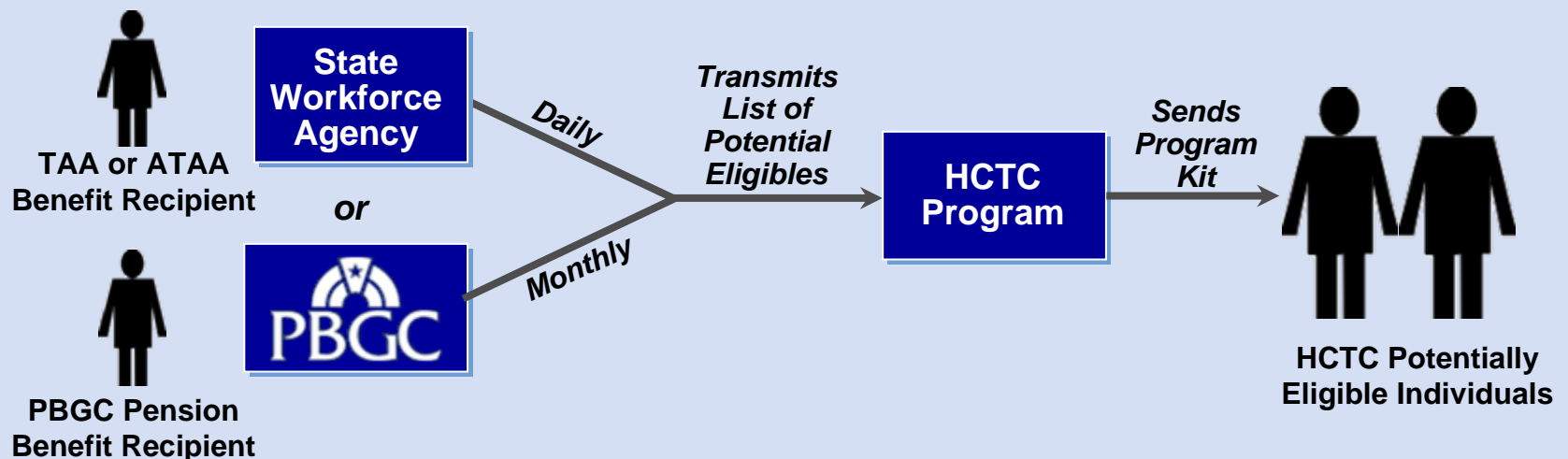
Additional eligibility criteria apply for ATAA individuals, so they must register for the monthly credit by calling the HCTC Customer Contact Center.

Who Is Eligible? PBGC

- ▲ A company requests the Pension Benefit Guaranty Corporation (PBGC) to take over their pension plan
- ▲ Individuals who receive a pension benefit payment from the PBGC as a monthly benefit or as a lump sum are potentially eligible for the HCTC
- ▲ “PBGC pension benefit recipients” include anyone who receives a benefit from the PBGC as a survivor, a beneficiary, or an alternate payee under a qualified domestic relations order
- ▲ Individuals must be 55 to 65 years of age and not eligible for Medicare

How Does the HCTC Program Know Who Is a TAA, ATAA and PBGC Benefit Recipient?

- ▲ Individuals become “Potentially Eligible” for the HCTC when a state or the PBGC sends electronic eligibility records to the HCTC Program
- ▲ Individuals **cannot** register for the monthly credit until they receive an HCTC Program Kit in the mail





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Step 2: General HCTC Eligibility Requirements

Step 2: General Requirements

Potentially Eligible Individuals **Cannot** Receive the HCTC if They Are:

- ▲ Entitled to (eligible for) Medicare
- ▲ Entitled to (eligible for) health coverage through the US military health system (TRICARE/CHAMPUS) – *this does not include VA benefits*
- ▲ Claimed as dependent on someone else's tax return
- ▲ In prison



ATAA individuals have additional eligibility requirements for the HCTC. They must contact the HCTC Customer Contact Center to register for the monthly credit.

Step 2: General Requirements

Potentially Eligible Individuals **Cannot Receive the HCTC if They Are Enrolled in:**

- ▲ Medicare
- ▲ Medicaid
- ▲ The State's Children's Health Insurance Program (SCHIP)
- ▲ The Federal Employees Health Benefit Program (FEHBP)
- ▲ CHAMPUS/TRICARE – *not including VA benefits*



Step 2: General Requirements

Family Members Can Also Receive the HCTC if:

- ▲ The potentially eligible individual meets **all** eligibility requirements in Step 2 (slide 15 & 16), however family members can be claimed as a dependant
- ▲ They have an HCTC Qualified Health Plan (see Step 3); family members can either be on the same plan as the potentially eligible individual or on a separate qualified plan



When the potentially eligible individual is no longer eligible for the HCTC (i.e. trade benefits expire, or they turn 65 and are eligible for Medicare), then their family members can no longer receive the HCTC.



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Step 3: HCTC Qualified Health Plans

The Four Types of HCTC Qualified Health Plans

- ▲ COBRA
- ▲ State-Qualified Health Plan
- ▲ Spousal Coverage
- ▲ Non-group/Individual Health Plan



COBRA Qualified Health Plan

- ▲ Health insurance former employers sometimes offer employees when they leave their jobs
- ▲ Employees have to “elect” COBRA and pay out of pocket for health insurance – *the HCTC Program will need a copy of this “election letter”*
- ▲ For the HCTC, individuals **must** pay more than 50% of the cost of COBRA coverage
- ▲ COBRA plans are the most common in the monthly credit program

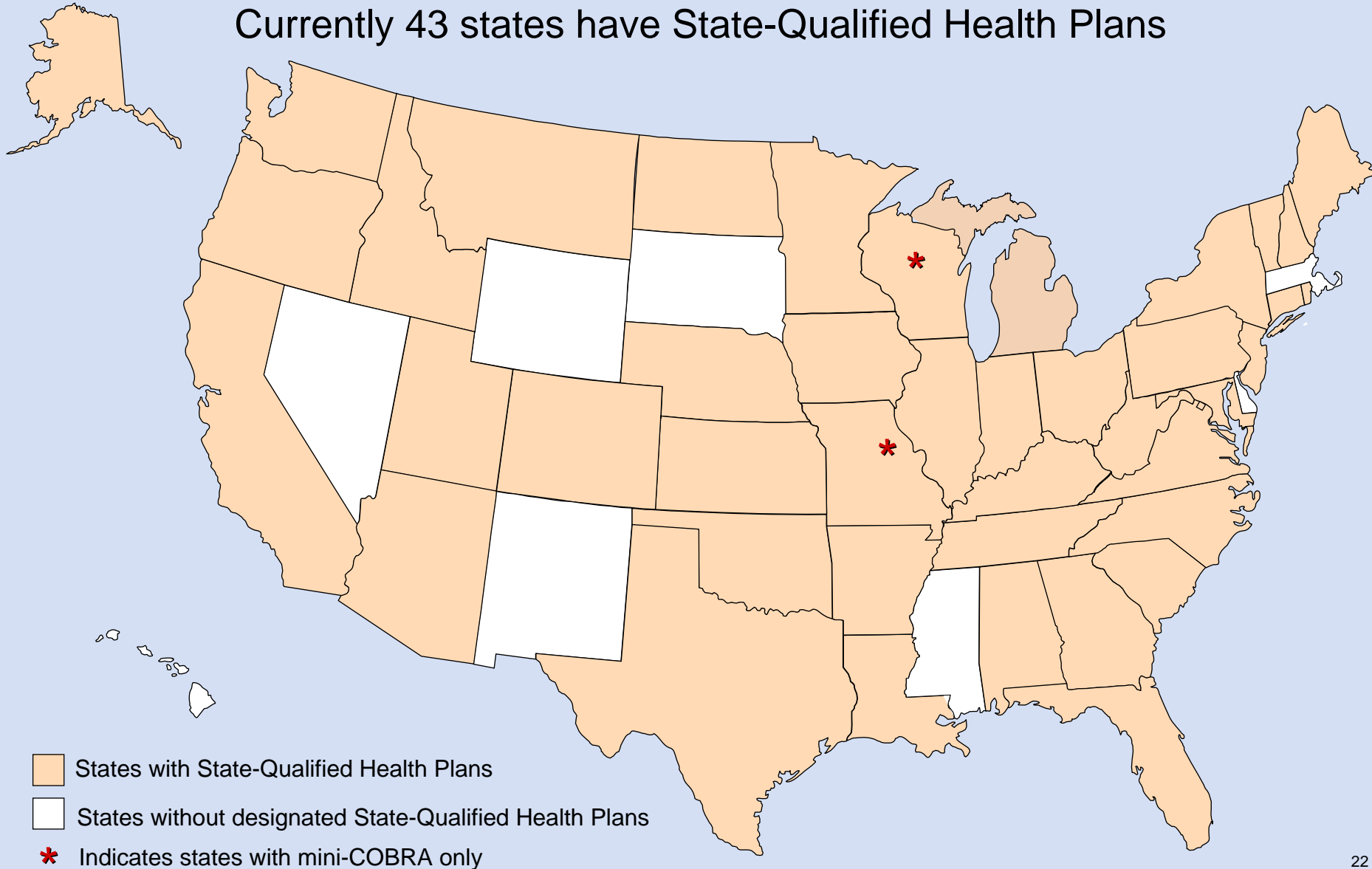
State-Qualified Health Plan

- ▲ The State Department of Insurance works with the Department of Treasury to qualify health plans in a state
- ▲ In order for the plan to be qualified it must have:
 - Guaranteed issue
 - No pre-existing conditions clause
 - Non discriminatory premium
 - Same benefits
- ▲ Individuals generally have to live in the state to enroll in a state plan

Current list of State-Qualified plans is available online at:
www.irs.gov (Keyword/Search: HCTC)

Four Types of Qualified Health Plans

Currently 43 states have State-Qualified Health Plans



Spousal Coverage Health Plan

- ▲ Health insurance the potentially eligible individual receives through his/her spouse's job
- ▲ The eligible individual and spouse **must** pay more than 50% of the cost of coverage
- ▲ If the spouse's plan is COBRA, they can use the credit monthly; however, if the plan is not COBRA, they can **only** claim the credit yearly when they file their Federal tax return

Non-group/Individual Health Plans

- ▲ Health plan that covers one person or family and is purchased directly from an insurance company, agent or broker
- ▲ The health plan **must** take effect at least 30 days before the individual's last paid day of work
 - The last paid day of work from the job that made the individual eligible to receive TAA, ATAA or PBGC benefits
 - The last day of work is either the last physical day at work, or the last day of work if the individual had been at work (i.e. if on paid leave, vacation, sick leave)



Due to the 30-day rule, use of a Non-group/Individual plan is very rare for the HCTC



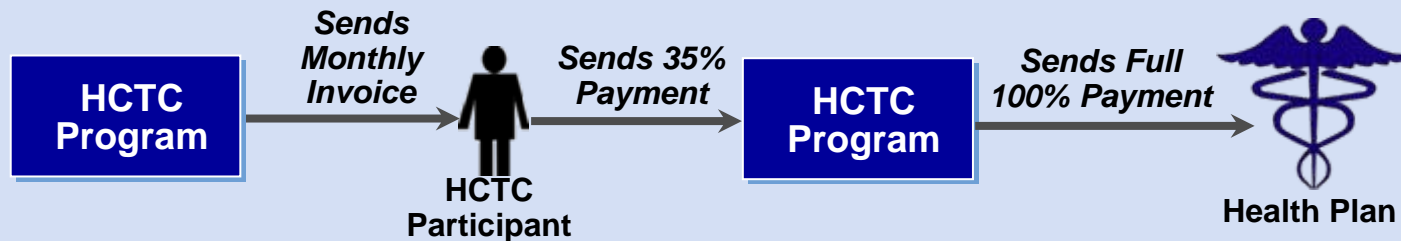
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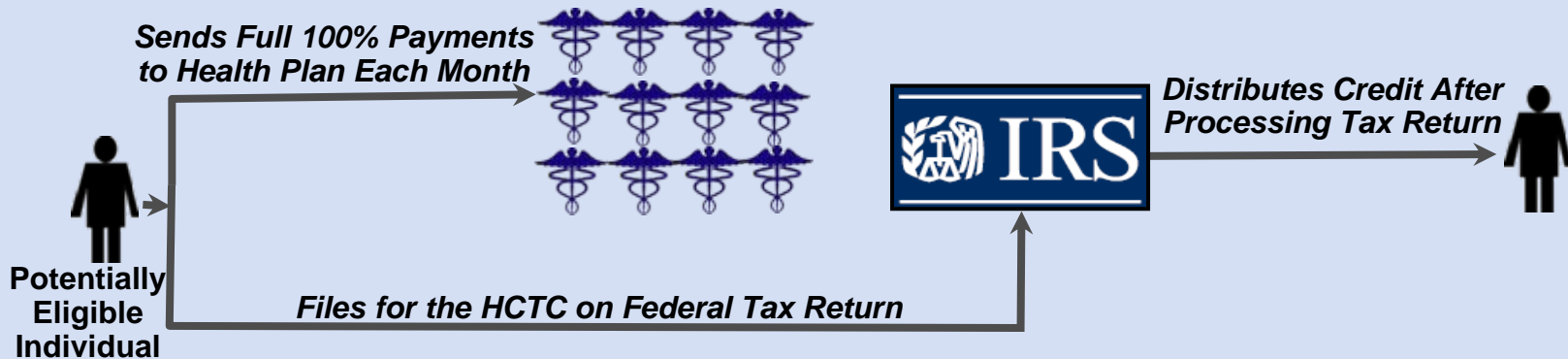
Step 4: Receiving the HCTC Monthly and Yearly

Individuals Can Receive the HCTC Two Ways:

- ▲ **Monthly**, as a payment made directly to their health plan



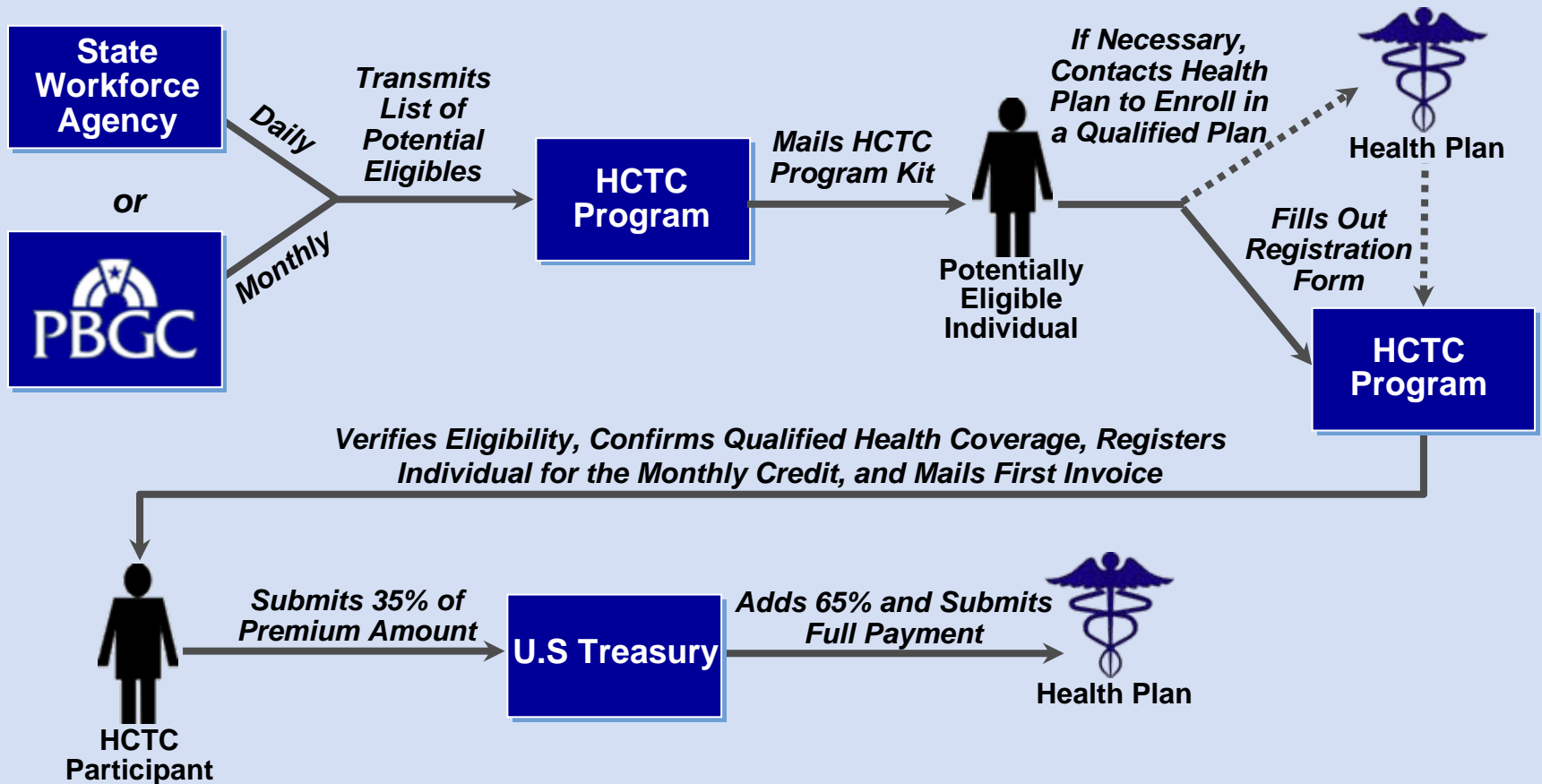
- ▲ **Yearly**, when they file their Federal tax return with the IRS



Monthly

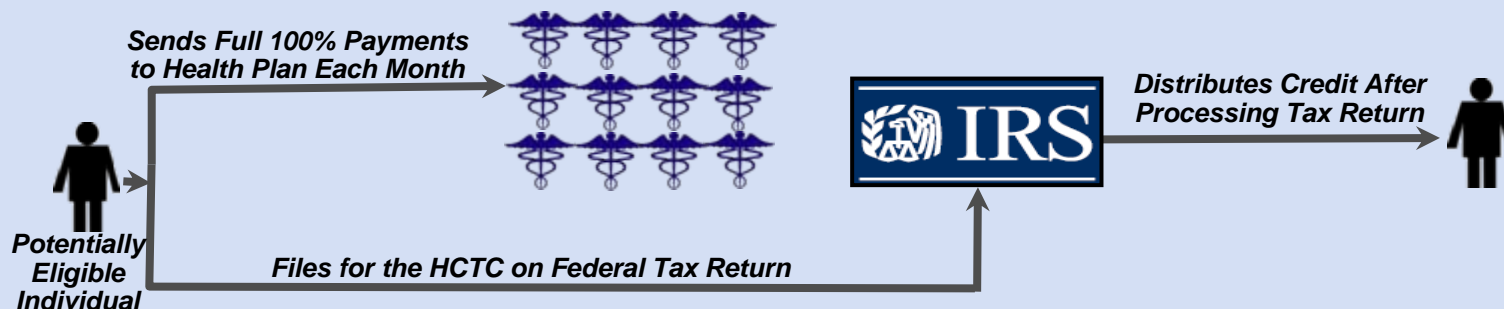
- ▲ Register for the monthly credit via the HCTC Registration Form and submit required health plan documents
- ▲ Individuals cannot register for the monthly credit until they receive a Program Kit in the mail
- ▲ If they meet all the eligibility requirements and have a qualified health plan, the HCTC Program will register the individuals for the monthly credit program and send them a monthly invoice for 35% of their health premium (excluding the portions that the HCTC cannot pay)
- ▲ If individuals pay their portion by the due date, then the HCTC Program will send a full payment to their health plan

Monthly



Yearly

- ▲ Individuals pay their full 100% premium to their health plan directly each month
- ▲ Individuals claim the HCTC when they file their Federal tax return by including IRS Form 8885 and attaching:
 - Health insurance policy information
 - All health insurance bills
 - Proof of payment (cancelled checks or credit card statements)
- ▲ Individuals receive the HCTC as a refund or as a credit to taxes they owe





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Registration Form Tips

▲ Registration Form Overview

- Part I: Personal Information
- Part II: Determining Eligibility
- Part III: Qualified Health Plan Information
- Part IV: Qualified Family Members Information (Same Qualified Policy)
- Part V: Qualified Family Members Information (Separate Qualified Policy)

▲ Required Documents

▲ Common Registration Form Errors

▲ Materials for States, Unions, Rapid Response Teams

But First...


We will have a new version of the Program Kit and Registration Form that should be in circulation early 2007. The following slides give a general overview of the CURRENT version of the Registration Form.



▲ Registration Form Overview

- Part I: Personal Information

Part I: Information About You			
YOUR INFORMATION			
1. SSN or TIN	2. Date of Birth (mm/dd/yyyy)		
3. Last Name	4. First Name	5. Middle Name	6. Suffix (Jr., II)
7. Mailing Address	8. City	9. State/Territory	10. Zip Code
11. Telephone Number (include area code and extension)			
Primary ()		Alternate ()	



▲ Registration Form Overview

- Part I: Personal Information
- Part II: Determining Eligibility

Part II: Determine Your Eligibility

1. Are you any of the following: (Check the box next to all that apply)

- ☐ Receiving a pension benefit from the Pension Benefit Guaranty Corporation (PBGC) and are at least 55 years old
- ☒ Receiving a Trade Readjustment Allowance (TRA) under the Trade Adjustment Assistance (TAA) program or would be receiving a TRA except that you have not used up your unemployment insurance (UI) benefits
- ☐ Receiving benefits under the Alternative Trade Adjustment Assistance (ATAA) program
If you only checked the ATAA box, you cannot use this form to register. Contact the HCTC Customer Contact Center; complete contact information can be found on page 16 of the Program Kit.

Did you check any of the boxes above?

- ☐ No. **Stop**; do not send this registration form. You are not eligible to register for the advance tax credit at this time.
- ☐ Yes. Go to question 2.

2. Are you currently any of the following: (Check the box next to all that apply)

- ☐ Enrolled in a health plan maintained by your spouse's employer or former employer that pays 50% or more of the total cost of coverage (This includes any amount contributed on a pre-tax basis.)
- ☐ Entitled to Medicare, even if you are not enrolled or receiving the benefit
- ☐ Enrolled in Medicaid or the State Children's Health Insurance Program (SCHIP)
- ☐ Enrolled in the Federal Employees Health Benefits Program (FEHBP)
- ☐ Entitled to health coverage through the U.S. military health system (TRICARE/CHAMPUS)

Did you check any of the boxes above?

- ☐ No. Go to question 3.
- ☐ Yes. **Stop**; do not send this registration form. You are not eligible to register for the advance tax credit at this time.

▲ Registration Form Overview

- Part I: Personal Information
- Part II: Determining Eligibility

3. Can you be claimed as a dependent on someone else's federal tax return this year?

- ☐ No. Go to question 4.
- ☐ Yes. **Stop**; do not send this registration form. You are not eligible to register for the advance tax credit at this time.

4. Are you imprisoned under federal, state or local authority?

- ☐ No. Go to question 5.
- ☐ Yes. **Stop**; do not send this registration form. You are not eligible to register for the advance tax credit at this time.

5. Are you, or will you, be covered by a qualified health plan? (See Step 2 in the HCTC Program Kit for the definition of a qualified health plan.)

- ☐ No. **Stop**; do not send this registration form. You are not eligible to register for the advance tax credit at this time.
- ☐ Yes. Go to question 6.

6. Is your qualified health plan sponsored by your spouse's employer?

- ☐ No. Go to question 7.
- ☐ Yes. If the health plan is COBRA continuation coverage, go to question 7. Otherwise, **stop**. You are not eligible for the advance payment option. However if the employer pays for less than 50% of the total cost of coverage, you may still be able to claim the tax credit when you file your federal tax return.

7. Check the box next to your qualified health plan:

- ☐ COBRA continuation coverage where the employer/former employer pays less than 50% of the total cost of coverage (This includes your or your spouse's COBRA coverage.)
- ☐ Non-group (individual) coverage that began at least 30 days prior to separating from the employer that made you eligible for TAA benefits, ATAA benefits or pension payments from the PBGC
- ☐ State-qualified health plan (For a current list of state-qualified health plans, visit <http://www.irs.gov> and enter IRS Keyword: HCTC.)

▲ Registration Form Overview

- Part I: Personal Information
- Part II: Determining Eligibility
- Part III: Qualified Health Plan Information

Part III: Information About Your Qualified Health Plan

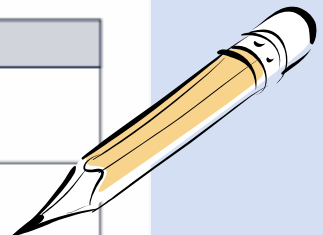
1. Complete this section to provide information about your qualified health plan. Use the worksheet on page 6 to estimate your payment responsibility.

YOUR QUALIFIED HEALTH PLAN INFORMATION		
1. Member ID*	2. Group ID*	3. Policy ID*
4. Policy Holder's Name (Last, First, Suffix)		5. Policy Holder's SSN or TIN
6. Total Number of People Both Qualified and Non-Qualified on This Health Plan Policy		7. Number of Non-Qualified People on This Health Plan Policy

*You must complete at least one of these fields in order for your HCTC Registration Form to be processed.

If your qualified health plan is COBRA, you must also provide the following information:

FORMER EMPLOYER and COBRA INFORMATION	
1. Former Employer's Name	2. Former Employer's HR Telephone Number (include area code) ()
3. Start Date for COBRA Coverage	4. End Date for COBRA Coverage Mark if Lifetime Benefit <input type="checkbox"/>



▲ Registration Form Overview

- Part I: Personal Information
- Part II: Determining Eligibility
- Part III: Qualified Health Plan Information
- Part IV: Qualified Family Members Information (Same Qualified Policy)

Part IV: Information About Qualified Family Members on Your Qualified Health Plan

1. If your qualified family members are on your qualified health plan, complete the information below. You must provide information for each family member in a separate box.
2. Photocopy this page before filling it out if you have more family qualified members than the space below allows.

INFORMATION FOR QUALIFIED FAMILY MEMBER #1							
1. SSN or TIN		2. Date of Birth (mm/dd/yyyy)		3. Member ID		4. Relationship <input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Other	
5. Last Name			6. First Name		7. Middle Name		8. Suffix (Jr., II)

INFORMATION FOR QUALIFIED FAMILY MEMBER #2							
1. SSN or TIN		2. Date of Birth (mm/dd/yyyy)		3. Member ID		4. Relationship <input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Other	
5. Last Name			6. First Name		7. Middle Name		8. Suffix (Jr., II)

▲ Registration Form Overview

- Part V: Qualified Family Members Information ([Separate Qualified Policy](#))

Part V: Information About Qualified Family Members With a Separate Qualified Health Plan

1. Complete this section to provide information about qualified family members with their own qualified health plan. Use the worksheet on page 9 to estimate your payment responsibility for their plan. If you do not have any qualified family members do not complete this section.
2. Photocopy this page before filling it out if you have more family members than the space below allows.
3. You must also include proof of insurance for each qualified health plan when you submit this form. See **page 5 (Part III, section 2)** for the required documents you must submit.

INFORMATION FOR QUALIFIED FAMILY MEMBER

1. SSN or TIN	2. Date of Birth (mm/dd/yyyy)	3. Relationship <input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Other	
4. Last Name	5. First Name	6. Middle Name	7. Suffix (Jr., II)

YOUR QUALIFIED FAMILY MEMBER'S HEALTH PLAN INFORMATION

1. Member ID*	2. Group ID*	3. Policy ID*
4. Policy Holder's Name (Last, First, Suffix)		5. Policy Holder's SSN or TIN
6. Total Number of People Both Qualified and Non-Qualified on This Health Plan Policy		7. Number of Non-Qualified People on This Health Plan Policy

*You must complete at least one of these fields in order for your HCTC Registration Form to be processed.

▲ Registration Form Overview

- Sign and Date the Form
- Assign a Third Party Designee

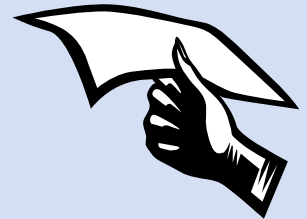
<p>Under penalties of perjury, I declare that the information furnished on this form with regard to my health plan is true, correct, and complete. I understand that a knowing and willfully false statement or omission can result in my disqualification from participating in the advance tax credit program. By signing, I also agree to allow the IRS to share my eligibility status and other information with my health plan administrator.</p>		
<p>Signature (sign in black ink)</p> <p>▶ <i>Joe Taxpayer</i></p>	<p>Full Name (type or print legibly)</p>	<p>Date Signed</p>

THIRD PARTY DESIGNEE							
<p>A third party designee is someone you authorize to access and update your HCTC Program account.</p> <p>If you want to allow a friend, family member, or any other person you choose to discuss your HCTC Program account with an HCTC Customer Service Representative, check the "Yes" box in the "Third Party Designee" area below. You will need to enter the designee's name, phone number, and any five numbers the designee chooses as his or her personal identification number (PIN). The PIN will be used to identify the designee if they contact the HCTC Program.</p>							
<p>Do you want to allow another person to discuss your HCTC Program account with an HCTC Customer Service Representative?</p> <p><input type="checkbox"/> No.</p> <p><input type="checkbox"/> Yes. Complete the following:</p>							
<p>Designee's Full Name (type or print legibly)</p>	<p>Telephone Number (include area code)</p> <p>()</p>	<p>Personal Identification Number (PIN)</p> <table border="1"> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>					

Required Documents All Individuals Must Send

- ▲ A copy of the health insurance bill (or COBRA payment coupon) dated within the last 60 days. The bill must have:

- Individual's name
- Name and phone number of health plan or administrator
- Monthly premium amount
- Monthly premium due date
- Dates of coverage
- Health plan identification number(s)
- Address where you individuals' mail payments



- ▲ *If necessary*, the bill must also show:

- Dollar amounts for family members who do not meet the HCTC eligibility requirements
- Other dollar amounts that do not count towards the HCTC (such as dental or vision coverage)



Important information is sometimes on the *back* of the health insurance bill and on the payment stub that individuals mail to the health plan.

Individuals with COBRA Must Send **One** of the Following Documents



- ▲ A copy of the completed, signed COBRA Election Letter
or
- ▲ A letter from the former employer or COBRA administrator saying the individual has COBRA. The letter must have:
 - The COBRA start and end dates
 - Name of the health plan
 - Individual's home address
 - Covered family members, their dates of birth, their relationship to the individual and their Social Security Numbers*or*
- ▲ A copy of the “Notice of Rights to Continue Coverage” and proof the individual has have paid the bill (a cancelled check or a credit card/bank statement dated within the past 60 days)

Indiviudals with Non-group/Individual Plans Must Send **Both** of the Following Documents



A letter or other document from the former employer or unemployment office that shows the individual's last paid day of work

and



A document from the health plan showing first date of coverage



The first day of coverage in a Non-group/ Individual health plan must have been at least 30 days before the individual left work.

Common Errors Made on the Registration Form

- ▲ Not sending in the correct documents for all health plans on the account
- ▲ Not reading the entire question, such as filling out the section for “Family Members on a Separate Health Plan” when their family members are on the same plan
- ▲ Individuals check one type of policy in Part II (like Non-group/Individual) and then send documents for another type of policy (like COBRA)
- ▲ Not signing the Registration Form
- ▲ Not making a copy of the completed Registration Form to keep for their records



Registration errors lead to a delay in receiving the monthly credit!



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Responsibilities for HCTC Participants

While Enrolled in the Monthly Credit Program, Participants Must:

- ▲ Send their payment to the HCTC Program by the due date on the HCTC invoice – no late payments accepted
- ▲ Notify the HCTC Program of any changes to their account via the HCTC Registration Update Form. Changes can include:
 - New health plan premium
 - New health plan
 - Add a family member
 - Drop a family member who is no longer eligible
 - Change in eligibility type
- ▲ Make sure their payments are up to date with their health plan



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**Available Materials &
Contact Information**

HCTC Materials for States, Unions, RR Teams

- ▲ HCTC Brochures
- ▲ Rapid Response Guides
 - TAA/ATAA: *Registration To-Do List and Employer Information Guide*
 - PBGC: *Registration To-Do List and Employer Information Guide*
 - Rapid Response Teams: *HCTC Guide for State Rapid Response Team*
- ▲ Train-the-Trainer Presentation

Order HCTC Brochures through the HCTC Customer Contact Center. Other materials are only available on the HCTC website at www.irs.gov (IRS Keyword/Search: HCTC).

Contact Information

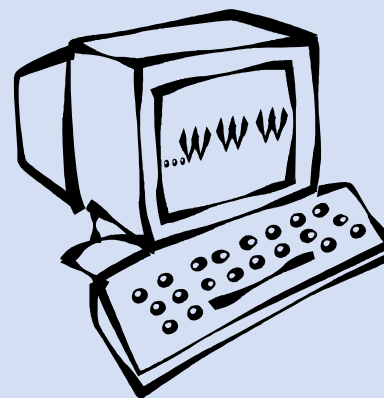


HCTC Customer Contact Center: 1-866-628-HCTC
(1-866-628-4282)

TDD/TTY #: 1-866-626-4282

You may order HCTC Brochures by calling this number

www.irs.gov (IRS Keyword/Search: HCTC)





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Questions?

Health Coverage Tax Credit Program

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Thank you!